GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:7438
ANSWERED ON:15.05.2002
EXTENSION OF LEASE BY MBPT
ARUN KUMAR

Will the Minister of SHIPPING be pleased to state:

(a) whether it is a fact that Digvijay Cement Company Limited, had applied for extension of lease before the expiry of the original lease in July 1990;

(b) if so, whether the said lease has been renewed/extended;

(c) if not, the reasons therefor;

(d) whether Mumbai Port Trust failed to serve eviction orders immediately on expiry of the lease and also did not seek the approval of the Government for extension of lease beyond the initial period of 30 years; and

(e) if so, the facts thereof; and

(f) the reasons that the port trust authorities levied rental arrears by adopting a compromise formula instead of Kirloskar formula made applicable to all leases from July 1990?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI SHRIPAD Y. NAIK)

(a) to (c): It is true that Shree Digvijay Cement Company Limited applied to Mumbai Port Trust for renewal/extension of lease before the expiry of lease in July, 1990. The request was accepted by the Mumbai Port and revised terms and conditions including increased rent for grant of fresh lease for 30 years conveyed to them. However, the lessee failed to comply with the terms for grant of fresh lease. Hence, the contract was not concluded.

(d) & (e): After expiry of the lease, notice to quit was served on Shree Digvijay Cement Co. Ltd. on 7.8.91.The offer for grant of fresh lease was approved by the Board on the basis of compromise proposals ratified by the Mumbai High Court in the rent revision matter. The Board granted lease upto 30 years under Section 34 of the Major Port Trusts Act, 1963, and the offer being for fresh lease for 30 years on new terms and revised rent on the basis of compromise proposals ratified by the Mumbai High Court, legal advice was that Government sanction was not necessary.

(f): The rents based on Kirloskar Valuation Report were challenged by the lessees/tenants in the Mumbai High Court. The Kirloskar rent was struck down by the Court by order dated 4.10.1990 holding it to be exorbitant, arbitrary, capricious and legally unenforceable. In the Appeal filed by Mumbai Port Trust, the Division Bench suggested compromise and sought a formula.Accordingly, compromise proposals were framed in 1991 and proposed to the Court. The compromise proposals were ratified by the Division Bench of the Mumbai High Court in March 1993.Thus, the recovery of arrears of rent could not be made at the Kirloskar rate which was already struck down by the Court and legally unenforceable and arrears of rent could be recovered only on the basis of compromise proposals which were ratified by the Court.